

REDACTED

**Attorney General's
Record Requests**

**THE BERKSHIRE GAS COMPANY
D.T.E. 04-47**

Witness: Karen L. Zink
Date Filed: September 16, 2004

Question

AG-RR-1: Please describe why the percentage payment to BP under the 2002 Optimization Agreements increased in year 2 while total optimization results were lower.

Response: [INTENTIONALLY OMITTED]

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Witness: Karen L. Zink
Date Filed: September 16, 2004

Question

AG-RR-2: Is NYSEG derivatives policy similar to Exhibit B-3 to the Optimization Agreement. Please describe any differences.

Response: The NYSEG derivatives policy, like the derivatives policy of all other Energy East operating companies, is essentially the same as the Energy East policy provided in Exhibit B-3 to the Optimization Agreement.

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D.T.E. 04-47**

Witness: Karen L. Zink
Date Filed: September 16, 2004

Question

AG-RR-3: Provide any materials presented to the Audit Committee of Energy East Board relating to the alliance pursuant to the derivatives policy in Exhibit B-3 to the Optimization Agreement.

Response: There are no materials that were presented to the Audit Committee of Energy East Board relating to the Alliance pursuant to the derivative policy. The Audit Committee is presented with information on derivatives only if an Energy East local distribution company enters into a derivative transaction and must enter that transaction on the books of the company. Since BP is executing the derivative transactions and recording those transactions on its books, the transaction is a BP transaction, not an Energy East local distribution company transaction. Therefore, there was no obligation to provide the Audit Committee with any information or data relating to the Alliance pursuant to the derivatives policy and, accordingly, there were no materials presented.

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Question

AG-RR-4: Is the Company aware of the identity of counter-parties when presented with a potential derivative transaction within the alliance?

Response: The Company is not aware of the identity of counter-parties when presented with a potential derivative transaction within the alliance. BP, when it enters into derivative transactions utilizes the services of a broker who obtains the derivative from another broker in the NYMEX market. This process is, for the most part, how derivative transactions are entered into in the ordinary course of business for all companies. Under this process, the identity of the counter-parties is rarely known. Since BP utilizes this same process for the Alliance, and since BP generally does not know the name of the counter-parties, the Company would not know the name of the counter-parties.

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Question

AG-RR-5: Please explain the reference to "Storage Other - Deferred Storage Account True-up Transactions" referenced in Exhibits AG-1-4 and AG-1-31. Please explain why during certain relevant periods there were no entries for this category.

Response: [INTENTIONALLY OMITTED]

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Question

AG-RR-6: Please describe the reference to "SPP" within the Deal Book. Please explain how such value is determined.

Response: The reference "SPP" stands for "special pricing provision". The value of the "SPP" is based on the type of transaction that may fall into this category. For instance, the deferred storage "true-up" value (see response to AG-RR-5) would be reflected as an SPP. Other "SPPs" may include items for which Berkshire is not eligible, such as SCASCO actualization (a Connecticut only transaction).

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Question

AG-RR-7: Please describe how "Netback" and "Netforward" are calculated in the Deal Book.

Response: The Deal Book is a standard format employed by BP for many companies in which it transacts business, including the Energy East Alliance. The terms netback and netforward have no impact on the optimization calculation and are disregarded in this context.

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Question

AG-RR-8: Please describe how "Point Price" is calculated in the Deal Book.

Response: The Deal Book is a standard format employed by BP for many companies in which it transacts business, including the Energy East Alliance. The term point price has no impact on the optimization calculation and is disregarded in this context.

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Question

AG-RR-9: Please explain OBA sales and purchases in Exhibit BG-7, page 2 and why such reference varies from positive to negative.

Response: [INTENTIONALLY OMITTED]

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Question

AG-RR-10: Please explain and clarify the reference to East Team sales and purchases and Exhibit BG-7.

Response: [INTENTIONALLY OMITTED]

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